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### Book Note

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## BOOK NOTE

THE DETECTION, INVESTIGATION AND PROSECUTION OF FINANCIAL CRIMES. By *Richard A. Nossen*.<sup>\*</sup> Richmond, Virginia: Nossen, Richard A. & Associates. 1982. Pp. xi, 121.

The detection, investigation, and prosecution of white collar and political crimes is fraught with difficulty. The suspect individual sits in a position of authority either within his organization or within the government. His position of authority would indicate he is above reproach and from what the general public sees, his actions confirm his trustworthiness. How, then, can a prosecutor convince a jury of an official's corruption? Ultimately, what can a prosecutor do to merit bringing a criminal action against a white collar or political official and to ensure a degree of success?

In *The Detection, Investigation, and Prosecution of Financial Crimes*, Richard Nossen addresses this problem in prosecuting white collar crime and political corruption. The book is presented in a guide-book fashion, taking the reader step-by-step through the investigation of financial crimes. After reading the text, the book continues as a helpful guide and reference tool during an actual investigation.

Mr. Nossen begins with the history of the "net worth" technique, used extensively by the IRS for tax investigations. The analysis is simple in its purpose: it is intended to show that the particular individual under investigation has assets which far exceed his income from known and legal sources. The evidence alone is not sufficient to prove any crime (except perhaps tax evasion for unreported income), but it is extremely valuable as circumstantial evidence creating an inference that the individual had income from illegitimate sources. Armed with such evidence, the government can give credence to its prosecution of white collar criminals.

Next, Mr. Nossen explains just how to conduct a net worth investigation. He begins with two example balance sheets outlining the final figures which represent the comparison of total income to legitimate income, the bottom line expressing income from illegitimate sources. He then follows-up with a simple, yet detailed discussion on how to obtain the information necessary to make a net worth

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\* Criminal Justice Systems Consultant and former Assistant Director of the Criminal Investigation Division, U.S. Internal Revenue Service. See Mr. Nossen's article in this issue.

calculation. He is careful to point out problems in approaching individuals possessing the necessary information. For example, since bank records are difficult to obtain, careful groundwork should be laid, and appropriate bank officials contacted. The bank records discussion considers checking accounts, loan files, safe deposit accounts, cashiers and travelers checks and trust information. Problems of proof and presentation of the evidence is briefly outlined with the author's suggested approach.

At this point, Mr. Nossen refers to his Student Study Guide, a separate publication. The guide is excellent as a practical exercise in conducting a financial investigation including overall analysis and simple number-crunching. He provides samples from various financial transactions from which the student compiles a net worth balance sheet. Exercises for the concepts in the remainder of the book are also contained in the Student Study Guide. Walking through the figures in the guide is helpful, not only in understanding the value and analysis of a net worth computation, but also in convincing the prospective investigator that the investigation is not as difficult as it may first appear. Mr. Nossen encouragingly reminds us that an investigator need not be a tax or financial expert to conduct a financial investigation.

The third part of the book details the analysis of an individual's financial records. For example, Nossen describes how to interpret a monthly bank statement, to identify laundered funds, to analyze safe deposit entry records and cashed checks. He provides samples and diagrams that aid in his discussion and simplify the process he outlines.

In probably the most important chapter, Mr. Nossen discusses the admissibility of documentary evidence to prove financial crimes. He begins with the basic notions, defining the types of evidence and the requirements for admissibility. The chapter is in itself a mini-course in evidence and provides an excellent introduction to the subject, probably all that is necessary for the basic financial investigation. Once familiar with the concepts of evidence, the investigator will be better able to track and preserve his information and ultimately provide the prosecutor with a solid presentation, recommending a financial prosecution.

The final chapters of the book outline Mr. Nossen's suggestions on interrogation techniques and investigative report-writing. His suggestions are very straight-forward, but extremely informative and revealing. It is clear he has used his experience in investigating

financial crimes to give the reader insight, while keeping the methodology and terminology simple and understandable. Again, he refers to the Student Study Guide, which provides an exercise in investigative report-writing. This exercise, like the others, provides the serious student with a valuable degree of experience in applying the various investigative and prosecutorial techniques described in Mr. Nossen's book.

The value of *The Detection, Investigation and Prosecution of Financial Crimes* is enhanced by the approach—the guide-book format transforms a complicated financial picture into a simple, understandable framework. Ultimately, the process and analysis detailed by Mr. Nossen will prove invaluable to prosecutors across the country in fighting white collar crime and political corruption. And to the extent that prosecutors can curb the crime and corruption plaguing government today, we will all benefit.

*Randy J. Curato*